

CSX CORP
Form 424B5
December 11, 2007
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Filed pursuant to Rule 424(b)(5)
Registration No. 333-140732
333-140732-02

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee (1)
6.251% Secured Equipment Notes due 2023	\$ 380,821,000	100%	\$ 380,821,000	\$ 11,691.20

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933.

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(To Prospectus dated December 10, 2007)

\$380,821,000**CSX Transportation, Inc.*****6.251% Secured Equipment Notes due 2023*****Guaranteed by CSX Corporation**

The 6.251% Secured Equipment Notes due 2023 (the Notes) will mature on January 15, 2023. Interest is payable on the Notes on January 15 and July 15 of each year, commencing July 15, 2008. Interest on the Notes will accrue from December 13, 2007. Principal payments on the Notes will be made in scheduled amounts on selected payment dates, commencing July 15, 2008 and continuing until the final maturity date of the Notes. See Scheduled Payments in this prospectus supplement.

CSX Transportation, Inc. (CSXT) may redeem some or all of the Notes at any time. The redemption prices are described under the caption Description of Notes Redemption with Premium. Additionally, CSXT will be required to redeem a portion of the Notes upon a casualty occurrence with respect to the railroad equipment securing the Notes, unless CSXT elects to replace such equipment, and CSXT may redeem a portion of the Notes at its option in lieu of replacing worn out or unsuitable railroad equipment securing the Notes, in each case as set forth in this prospectus supplement.

The Notes will be secured by a security interest in certain railroad equipment owned by CSXT and will otherwise rank equally with all of CSXT's unsecured and unsubordinated debt.

The Notes will be fully, unconditionally and irrevocably guaranteed on a senior unsecured basis by CSXT's direct parent, CSX Corporation (together with its subsidiaries, CSX). This guarantee will rank equally with all existing and future unsecured senior obligations of CSX Corporation, and will be effectively subordinated to all future secured indebtedness of CSX Corporation to the extent of the assets securing that indebtedness. The guarantee will terminate upon the occurrence of certain events, as described under the caption Description of Notes Guarantee.

The Notes will be represented by one or more permanent global Notes in definitive, fully registered form without interest coupons, registered in the name of a nominee for The Depository Trust Company. The Notes will be issued in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Neither the Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Title of Securities	Principal Amount	Interest Rate	Final Payment Date	Price to Public (1)(2)	Proceeds to CSXT(2)
6.251% Secured Equipment Notes due 2023	\$380,821,000	6.251%	January 15, 2023	100%	99.35%

(1) Plus accrued interest from December 13, 2007 if settlement occurs after that.

(2) The aggregate underwriting discounts are \$2,475,336.50, which constitutes 0.65% of the principal amount of the Notes. The aggregate net proceeds of the offering of the Notes before deducting offering expenses to CSXT, are \$378,345,663.50.

CSXT will not make any application to list the Notes on any securities exchange or to include them in any automated quotation system.

CSXT expects that delivery of the Notes will be made to investors on or about December 13, 2007, through the book-entry system of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear system, and Clearstream Banking, société anonyme.

Joint Book-Running Managers

Citi

Morgan Stanley

Senior Co-Managers

Barclays Capital

Credit Suisse

Deutsche Bank Securities

JPMorgan

UBS Investment Bank

Co-Managers

Mitsubishi UFJ Securities

Mizuho Securities USA Inc.

Scotia Capital

December 10, 2007

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. CSXT has not authorized anyone to provide you with different information. CSXT is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front cover of this prospectus supplement.

Offers and sales of the Notes are subject to restrictions which are discussed in Underwriting below. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the Notes in certain other jurisdictions may also be restricted by law. In this prospectus supplement and the accompanying prospectus, unless otherwise specified or the context otherwise requires, references to dollars and \$ are to U.S. dollars.

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This document consists of two parts. The first part is the prospectus supplement, which describes the specific terms of the Notes that CSXT is offering and certain other matters relating to CSXT, the issuer of the Notes offered by this prospectus supplement, and CSX Corporation, CSXT's direct parent and guarantor of the Notes. The second part is the base prospectus, which gives more general information about securities CSX Corporation may offer from time to time, some of which does not apply to the Notes that CSXT is offering. Generally, any reference to the prospectus is a reference to both parts of this document combined. If the description of the Notes in the prospectus supplement differs from the description in the base prospectus, the description in the prospectus supplement supersedes the description in the base prospectus.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including documents incorporated by reference, contains forward-looking statements within the meaning of the Securities Act of 1933, as amended (the "Securities Act") and the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements include, among others, statements regarding:

Expectations as to results of operations and operational improvements;

Expectations as to the effect of claims, lawsuits, environmental costs, commitments, contingent liabilities, labor negotiations or agreements on the CSX's financial condition;

Management's plans, goals, strategies and objectives for future operations and other similar expressions concerning matters that are not historical facts, and management's expectations as to future performance and operations and the time by which objectives will be achieved; and

Future economic, industry or market conditions or performance.

Forward-looking statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "project," "estimate" and similar expressions. CSX cautions against placing undue reliance on forward-looking statements, which reflect its good faith beliefs with respect to future events and are based on information currently available to it as of the date the forward-looking statement is made. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the timing when, or by which, such performance or results will be achieved.

Forward-looking statements are subject to a number of risks and uncertainties and actual performance or results could differ materially from those anticipated by these forward-looking statements. CSX undertakes no obligation to update or revise any forward-looking statement. If CSX does update any forward-looking statement, no inference should be drawn that CSX will make additional updates with respect to that statement or any other forward-looking statements. The following important factors, in addition to those discussed elsewhere, may cause actual results to differ materially from those contemplated by these forward-looking statements:

Legislative, regulatory or legal developments involving transportation, including rail or intermodal transportation, the environment, hazardous materials, taxation, including the outcome of tax claims and litigation, the potential enactment of initiatives to re-regulate the rail industry and the ultimate outcome of shipper and rate claims subject to adjudication;

The outcome of litigation and claims, including, but not limited to, those related to fuel surcharge, environmental contamination, personal injuries and occupational illnesses;

Material changes in domestic or international economic or business conditions, including those affecting the transportation industry such as access to capital markets, ability to revise debt arrangements as contemplated, customer demand, customer acceptance of price increases, effects of adverse economic conditions affecting shippers and adverse economic conditions

in the industries and geographic areas that consume and produce freight;

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The inherent risks associated with safety and security, including the availability and cost of insurance, the availability and vulnerability of information technology, adverse economic or operational effects from actual or threatened war or terrorist activities and any governmental response;

CSX's success in implementing its strategic plans and operational objectives and improving Surface Transportation operating efficiency;

Labor costs and labor difficulties, including stoppages affecting either CSX's operations or the customers' ability to deliver goods to CSX for shipment;

Changes in operating conditions and costs or commodity concentrations;

Changes in fuel prices, surcharges for fuel and the availability of fuel;

Competition from other modes of freight transportation, such as trucking and competition and consolidation within the transportation industry generally; and

Natural events such as severe weather conditions, including floods, fire, hurricanes and earthquakes, a pandemic crisis affecting the health of CSX's employees, its shippers or the consumers of goods, or other unforeseen disruptions of CSX's operations, systems, property or equipment.

Other important assumptions and factors that could cause actual results to differ materially from those in the forward-looking statements are specified elsewhere in this prospectus, including the documents incorporated by reference, which are accessible on the SEC's website at www.sec.gov and CSX's website at www.csx.com.

WHERE YOU CAN FIND MORE INFORMATION

CSX Corporation files annual, quarterly and special reports, proxy statements and other information with the SEC. CSX Corporation's SEC filings are available to the public over the Internet at www.sec.gov. You may also read and copy any document that CSX Corporation files at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. You may also read and copy these documents at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The SEC allows CSXT, as an issuer of debt securities to be guaranteed by CSX Corporation, to incorporate by reference the information that CSX Corporation files with the SEC, which means that CSXT can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that CSXT or CSX Corporation files later with the SEC will automatically update and supersede this information. CSXT incorporates by reference the documents listed below and any future filings made by CSXT or CSX Corporation with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act until CSXT sells all of the Notes.

CSX Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 2006, filed with the SEC on February 15, 2007;

CSX Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2007, filed with the SEC on April 18, 2007;

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CSX Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2007, filed with the SEC on July 25, 2007;

CSX Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended September 28, 2007, filed with the SEC on October 23, 2007; and

CSX Corporation's Current Reports on Form 8-K filed with the SEC on April 26, 2007, May 7, 2007, July 12, 2007, September 10, 2007, September 14, 2007 and December 10, 2007.

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You may request a copy of any filings referred to above, at no cost, by contacting CSX Corporation at the following address: Ellen M. Fitzsimmons, Senior Vice President Law and Public Affairs and Corporate Secretary, CSX Corporation, 500 Water Street, 15th Floor, Jacksonville, Florida 32202, telephone number (904) 359-3200.

CSXT is also subject to the informational requirements of Title 49 of the United States Code and, accordingly, file reports and other information with the Surface Transportation Board of the United States Department of Transportation (the STB). Certain information concerning CSXT's business and properties is disclosed in its Annual Report on Form R-1, which is filed with the STB and is available for inspection at the STB's offices at 1925 K Street, N.W., Washington, D.C. 20423.

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SUMMARY

CSX CORPORATION / CSX TRANSPORTATION, INC.

CSX Corporation, based in Jacksonville, Florida, is one of the nation's leading transportation companies. Surface Transportation, which includes CSX's rail and intermodal businesses, provides rail-based transportation services including traditional rail service and the transport of intermodal containers and trailers.

Rail

CSX Corporation's principal operating company, CSXT, operates one of the largest railroads in the eastern United States with a rail network of approximately 21,000 route miles, linking markets in 23 states, the District of Columbia, and the Canadian provinces of Ontario and Quebec.

In addition to CSXT, the rail segment includes Total Distribution Services Inc. (TDSI), Transflo Terminal Services Inc. (Transflo), CSX Technology Inc. (CSX Technology) and other subsidiaries. TDSI provides a network of vehicle distribution centers, while Transflo provides access to bulk transloading sites. Technology and other support services are provided by CSX Technology and the other subsidiaries.

Intermodal

CSX Intermodal Inc. (Intermodal), one of the nation's largest coast-to-coast intermodal transportation providers, is a stand-alone, integrated intermodal company linking customers to railroads via trucks and terminals. Containers and trailers are loaded and unloaded from trains, and trucks provide the link between intermodal terminals and the customer.

Surface Transportation Businesses

The rail and intermodal segments are designated by CSX on a combined basis as Surface Transportation businesses. Together, they serve four primary lines of business, which are as follows:

The merchandise business includes the following seven groups: chemicals, emerging markets, forest products, agriculture products, metals, phosphates and fertilizers, and food and consumer. The emerging markets group includes aggregates, processed materials, waste, military cargo, and machinery. The merchandise business line generated approximately 49% of CSX's total revenue in 2006 and 38% of the volume.

Coal, which delivered approximately 1.9 million carloads of coal, coke and iron ore to electric utilities and manufacturers in 2006, accounted for approximately 25% of CSX's total 2006 revenue and 26% of the volume. CSX serves more than 130 coal-loading locations in nine states, including three of the nation's top four coal-producing states.

Automotive, which serves plants in eight states and delivers both finished vehicles and auto parts, generated 9% of CSX's total revenue in 2006 and 6% of the volume. Consistent with the overall automotive market, CSXT's volumes continued to shift from the Big 3 to foreign brands produced domestically.

Intermodal offers a competitive cost advantage over long-haul trucking by combining the superior economics of rail transportation coupled with the short-haul flexibility of trucks. This service is provided through a network of dedicated terminals across North America. Intermodal shipments, which consist primarily of imported and domestic finished consumer products sold at major retailers, are moved in containers and trailers. For 2006, Intermodal accounted for approximately 15% of CSX's total revenue and 30% of the volume.

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Other revenue, which includes economic interests in regional carriers and demurrage, switching, and other incidental charges, accounted for 2% of CSX's total 2006 revenue. Demurrage represents charges assessed by railroads when shippers or receivers of freight hold railcars beyond a specified period of time. Switching revenue is generated when CSX switches cars between trains for a customer or another railroad.

For the first nine months of 2007, revenue and revenue per unit increased 4% and 8%, respectively, driven by strong yield management initiatives. CSX was able to achieve substantial pricing gains predominantly due to the overall cost and service advantages that rail-based solutions provide versus other modes of transportation, which adds value for customers.

These strong nine-month results in revenue were partially offset by volume declines in CSX's four major lines of business. The overall 3% volume decrease was primarily driven by continued weakness in housing construction and related markets, which are shown in the merchandise market.

Operating income increased \$16 million to \$1.6 billion for the nine months ended 2007. Operating revenue gains and productivity gains from improved operations were largely offset by significantly lower gains on insurance recoveries recognized during 2007 and the effects of inflation.

Other Businesses

CSX also has certain residual activities from the formerly owned companies that made up the marine services segment. These activities include leasing of equipment and vessels. These results are included in consolidated operating income.

CSX's other holdings include CSX Hotels Inc., a resort doing business as The Greenbrier, located in White Sulphur Springs, West Virginia, and CSX Real Property Inc., an organization responsible for the management, sale, lease, acquisition and development of CSX properties. The results from these activities are classified as a component of other income as they are not considered by CSX to be operating activities.

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The Offering

Issuer	CSX Transportation, Inc.
Guarantor	CSX Corporation
Notes Offered	\$380,821,000 principal amount of 6.251% Secured Equipment Notes due 2023.
Maturity Date:	January 15, 2023.
Interest Payment Dates	January 15 and July 15 of each year, commencing July 15, 2008.
Principal Payment Dates	Principal payments on the Notes will be made in scheduled amounts on selected payment dates, commencing July 15, 2008, as specified under the heading "Scheduled Payments" in this prospectus supplement.
Redemption with Premium	<p>At CSXT's option, CSXT may redeem any or all of the Notes, in whole or in part, at any time, at the redemption price, including premium, described under the heading "Description of Notes - Redemption with Premium" in this prospectus supplement.</p> <p>CSXT may also redeem the Notes in part, if units of equipment securing the Notes have become worn out or unsuitable for use by CSXT, as described under "Description of the Notes - Certain Covenants - Release and Replacement of Equipment; Replacement Funds" at the redemption price, including premium, described under the heading "Description of Notes - Redemption with Premium" in this prospectus supplement.</p>
Redemption at Par	CSXT will be required to redeem the Notes in part at par, in the case of loss or destruction of any item of equipment securing the Notes, if CSXT does not substitute another item of equipment for the item suffering such loss or destruction, as described under the heading "Description of Notes - Redemption at Par" in this prospectus supplement.
Equipment	The Notes will be secured by security interests in certain railroad equipment. See "Description of Equipment" for a more detailed description of the equipment securing the Notes.
Ranking	<p>The Notes:</p> <p>will be secured as described above under the heading "Equipment";</p> <p>will otherwise rank equally with all of CSXT's unsecured and unsubordinated debt;</p> <p>will rank senior to any of CSXT's future subordinated debt;</p>

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will be effectively junior to any future secured debt of CSXT (with respect to the assets securing such future debt) not secured by the equipment securing the Notes; and

will be effectively junior to any existing and future liabilities of any subsidiary of CSXT.

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Guarantee	The Notes will be fully, unconditionally and irrevocably guaranteed by CSXT's direct parent, CSX Corporation, on a senior unsecured basis. This guarantee will rank equally with all existing and future unsecured senior obligations of CSX Corporation, and will be effectively subordinated to all future secured indebtedness of CSX Corporation to the extent of the assets securing that indebtedness. The guarantee will terminate upon the occurrence of certain events, as described under the heading "Description of Notes - Guarantee."
Use of Proceeds	The net proceeds from the sale of the Notes will be used for general corporate purposes, which may include repurchases of CSX Corporation's common stock, capital expenditures, working capital requirements, improvements in productivity and other cost reductions at CSX's major transportation units.
Trustee	The Bank of New York Trust Company, N.A. will serve as Trustee under the indenture governing the Notes.
Governing Law	New York law.
Section 1168 of the United States Bankruptcy Code	CSX has been advised by counsel that in the event that CSXT becomes a debtor under Chapter 11 of the Bankruptcy Code, Section 1168 of the Bankruptcy Code will apply with respect to the railroad equipment subject to the security interests granted to the Trustee by CSXT. See "Legal and Regulatory Considerations - Bankruptcy Considerations" in this prospectus supplement.

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USE OF PROCEEDS

The net proceeds from the sale of the Notes will be used for general corporate purposes, which may include repurchases of CSX Corporation's common stock, capital expenditures, working capital requirements, improvements in productivity and other cost reductions at CSX's major transportation units.

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The discussion below sets forth certain information relating to the items of railroad equipment that will initially secure the Notes (the Equipment).

The Equipment will initially consist of 315 locomotives, including GE CW44AH locomotives, GE ES44DC locomotives and EMD SD70AC locomotives. The locomotives were all delivered new to CSX from the relevant manufacturer in the various years listed in the table below. The aggregate original purchase price for the locomotives comprising the Equipment is approximately \$528.2 million.

The Equipment has been categorized into groups (each, an Equipment Group) based on the year of delivery. For purposes of effecting a partial redemption of the Notes pursuant to the provisions set forth under the captions Description of Notes Redemption with Premium and Description of Notes Redemption at Par, (i) a portion of the aggregate principal amount of Notes offered hereby has been allocated to each Equipment Group as set forth below and (ii) a portion of each scheduled installment of principal payable on the Notes has been allocated to each Equipment Group as set forth under Scheduled Payments.

Description	Year of Delivery	Quantity	Aggregate Allocated Principal Amount of Notes (1)
<i>Equipment Group 1:</i>	2001	50	\$ 49,266,000
<i>Equipment Group 2:</i>	2003	30	\$ 35,673,000
<i>Equipment Group 3:</i>	2004	33	\$ 40,772,000
<i>Equipment Group 4:</i>	2006	102	\$ 126,770,000
<i>Equipment Group 5:</i>	2007	100	\$ 128,340,000
Total		315	\$ 380,821,000

- (1) Each locomotive within a particular Equipment Group will be assumed to have the same allocated principal amount of Notes for purposes of effecting a partial redemption of the Notes.

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Interest on the Notes will be payable on January 15 and July 15 of each year, commencing July 15, 2008, until the maturity of the Notes, at the rate and in the manner specified in this prospectus supplement under the heading "Description of Notes - General."

The principal amount of the Notes will be payable in installments, in the amounts and on the dates set forth below. Such payments will be distributed to the holders of the Notes as specified in this prospectus supplement under the heading "Description of Notes - General." The pool factor set forth below for each payment date represents the remaining unpaid principal amount of the Notes expressed as a decimal portion of the original aggregate principal amount, after taking into account the payment of principal scheduled on that date. The scheduled principal repayments set forth below may be reduced from time to time if CSXT redeems any of the Notes prior to their final maturity as described in this prospectus supplement under the heading "Description of Notes - Redemption with Premium" and "Description of Notes - Redemption at Par."

	Scheduled	
Payment Date	Principal Repayment	Pool Factor
July 15, 2008	\$ 14,484,000.00	0.96196638
January 15, 2009	0.00	0.96196638
July 15, 2009	14,888,000.00	0.92287190
January 15, 2010	0.00	0.92287190
July 15, 2010	15,330,000.00	0.88261677
January 15, 2011	0.00	0.88261677
July 15, 2011	15,332,000.00	0.84235638
January 15, 2012	0.00	0.84235638
July 15, 2012	16,614,000.00	0.79872959
January 15, 2013	0.00	0.79872959
July 15, 2013	17,868,000.00	0.75180991
January 15, 2014	0.00	0.75180991
July 15, 2014	17,868,000.00	0.70489022
January 15, 2015	0.00	0.70489022
July 15, 2015	17,869,000.00	0.65796792
January 15, 2016	0.00	0.65796792
July 15, 2016	17,868,000.00	0.61104824
January 15, 2017	0.00	0.61104824
July 15, 2017	17,868,000.00	0.56412855
January 15, 2018	0.00	0.56412855
July 15, 2018	17,868,000.00	0.51720887
January 15, 2019	0.00	0.51720887
July 15, 2019	17,868,000.00	0.47028919
January 15, 2020	0.00	0.47028919
July 15, 2020	17,869,000.00	0.42336688
January 15, 2021	0.00	0.42336688
July 15, 2021	10,948,099.31	0.39461821
January 15, 2022	0.00	0.39461821
July 15, 2022	10,948,099.31	0.36586953
January 15, 2023	139,330,801.38	0.00000000

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The portions of each scheduled installment of principal attributable to each Equipment Group are set forth in the following table. Please see Description of Equipment in this prospectus supplement for a description of the equipment forming each Equipment Group.

Payment Date	Equipment		Equipment		Equipment	Equipment
	Group 1	Group 2	Group 3	Group 4	Group 5	Group 5
July 15, 2008	\$ 2,737,000.00	\$ 1,400,000.00	\$ 1,541,000.00	\$ 4,452,000.00	\$ 4,354,000.00	
January 15, 2009	0.00	0.00	0.00	0.00	0.00	0.00
July 15, 2009	2,737,000.00	1,804,000.00	1,540,000.00	4,452,000.00	4,355,000.00	
January 15, 2010	0.00	0.00	0.00	0.00	0.00	0.00
July 15, 2010	2,737,000.00	1,804,000.00	1,983,000.00	4,452,000.00	4,354,000.00	
January 15, 2011	0.00	0.00	0.00	0.00	0.00	0.00
July 15, 2011	2,737,000.00	1,804,000.00	1,984,000.00	4,452,000.00	4,355,000.00	
January 15, 2012	0.00	0.00	0.00	0.00	0.00	0.00
July 15, 2012	2,737,000.00	1,804,000.00	1,984,000.00	5,735,000.00	4,354,000.00	
January 15, 2013	0.00	0.00	0.00	0.00	0.00	0.00
July 15, 2013	2,737,000.00	1,803,000.00	1,984,000.00	5,735,000.00	5,609,000.00	
January 15, 2014	0.00	0.00	0.00	0.00	0.00	0.00
July 15, 2014	2,737,000.00	1,804,000.00	1,983,000.00	5,735,000.00	5,609,000.00	
January 15, 2015	0.00	0.00	0.00	0.00	0.00	0.00
July 15, 2015	2,737,000.00	1,804,000.00	1,984,000.00	5,735,000.00	5,609,000.00	
January 15, 2016	0.00	0.00	0.00	0.00	0.00	0.00
July 15, 2016	2,737,000.00	1,804,000.00	1,984,000.00	5,735,000.00	5,608,000.00	
January 15, 2017	0.00	0.00	0.00	0.00	0.00	0.00
July 15, 2017	2,737,000.00	1,804,000.00	1,984,000.00	5,734,000.00	5,609,000.00	
January 15, 2018	0.00	0.00	0.00	0.00	0.00	0.00
July 15, 2018	2,737,000.00	1,804,000.00	1,983,000.00	5,735,000.00	5,609,000.00	
January 15, 2019	0.00	0.00	0.00	0.00	0.00	0.00
July 15, 2019	2,737,000.00	1,803,000.00	1,984,000.00	5,735,000.00	5,609,000.00	
January 15, 2020	0.00	0.00	0.00	0.00	0.00	0.00
July 15, 2020	2,737,000.00	1,804,000.00	1,984,000.00	5,735,000.00	5,609,000.00	
January 15, 2021	0.00	0.00	0.00	0.00	0.00	0.00
July 15, 2021	1,306,608.04	1,012,291.14	1,177,851.56	3,706,163.27	3,745,185.30	
January 15, 2022	0.00	0.00	0.00	0.00	0.00	0.00
July 15, 2022	1,306,608.04	1,012,291.14	1,177,851.56	3,706,163.27	3,745,185.30	
January 15, 2023	11,071,783.92	10,602,417.72	13,514,296.88	49,935,673.46	54,206,629.40	
Total	\$ 49,266,000.00	\$ 35,673,000.00	\$ 40,772,000.00	\$ 126,770,000.00	\$ 128,340,000.00	

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DESCRIPTION OF NOTES

Set forth below is a description of the specific terms of the Notes. This description supplements, and should be read together with, the description of the general terms and provisions of the debt securities set forth in the accompanying base prospectus under the caption

Description of Debt Securities. The Notes will be issued under a base indenture to be dated as of the issue date of the Notes, between CSXT and the Trustee, as supplemented by a first supplemental indenture to be dated as of the issue date of the Notes, among CSXT, CSX Corporation and the Trustee. In this prospectus supplement, the base indenture, as supplemented by the first supplemental indenture, is referred to as the indenture. The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the base prospectus and the indenture. If the description of the Notes in this prospectus supplement differs from the description of the debt securities in the base prospectus, the description in this prospectus supplement supersedes the description in the base prospectus. Capitalized terms used in this Description of Notes that are not defined in this prospectus supplement have the meanings given to them in the base prospectus or the indenture.

General

The Notes will be limited to \$380,821,000 in aggregate principal amount. The Notes will be issued in fully registered form only, in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof, and will mature on January 15, 2023. The Notes will be issued as a series of senior secured debt securities under the indenture. The indenture does not limit the amount of other debt that CSXT may incur. CSXT may, from time to time, without the consent of the holders of the Notes, issue other debt securities under the base indenture in addition to the Notes.

The Notes will bear interest from December 13, 2007, at the annual rate set forth on the cover page of this prospectus supplement, payable semiannually on January 15 and July 15 of each year, commencing July 15, 2008. Regular principal payments on the Notes will be paid in scheduled amounts on the dates and in the amounts set forth under the heading *Scheduled Payments* in this prospectus supplement, as such amounts may be reduced as described below under the captions *Redemption with Premium* and *Redemption at Par*. Payments of interest and scheduled payments of principal and premium, if any, will be made to the persons in whose names the Notes are registered at the close of business on the immediately preceding January 1 and July 1, respectively, whether or not that day is a business day.

The Notes will be secured by a security interest in the Equipment. The Notes will not be secured by any equipment or other assets of CSXT other than the Equipment. The Notes will otherwise rank *pari passu* with all unsecured and unsubordinated indebtedness of CSXT.

The Notes do not provide for any sinking fund.

Guarantee

CSX Corporation will fully, unconditionally and irrevocably guarantee, on a senior unsecured basis, the performance and full and punctual payment when due, whether at maturity, by acceleration or otherwise, of all obligations of CSXT under the indenture and the Notes, whether for payment of principal of, or premium, if any, or interest in respect of the Notes.

The guarantee of the Notes will rank equally in right of payment with all existing and future senior obligations of CSX Corporation and will be effectively subordinated to all future secured indebtedness of CSX Corporation to the extent of the assets securing such indebtedness. The guarantee will be senior in right of payment to all existing and future subordinated indebtedness of CSX Corporation.

The obligations of CSX Corporation under its guarantee will be limited as necessary to prevent the guarantee from constituting a fraudulent conveyance under applicable law. Additionally, the guarantee will

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provide that CSX Corporation will be entitled to assert the same defenses, rights and remedies on its own behalf as would otherwise be available to CSXT.

The indenture will provide that CSX Corporation will not consolidate with or merge into any other person or convey, transfer or lease its properties or assets substantially as an entirety to any person, unless:

(1) the person formed by such consolidation or into which CSX Corporation is merged or the person which acquired by conveyance, transfer or lease the properties and assets of CSX Corporation substantially as an entirety be a legal entity organized and existing under the laws of any domestic or foreign jurisdiction, and expressly assumes, by supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of and any premium and interest, if any, on all the Notes and the performance of every covenant of the indenture and the guarantee on the part of CSX Corporation to be performed or observed;

(2) immediately after giving effect to such transaction, no event of default under the indenture, and no event which, after notice or lapse of time, or both, would become an event of default, has happened and be continuing; and

(3) CSX Corporation has delivered to the Trustee an officers' certificate and an opinion of counsel each stating that such consolidation, merger, conveyance, transfer or lease and such supplemental indenture, if any, comply with clauses (1) and (2) above and that all conditions precedent herein provided for relating to such transaction have been complied with and that such supplemental indenture constitutes the legal, valid and binding obligation of the successor guarantor subject to customary exceptions.

The indenture provides that the guarantee of the Notes by CSX Corporation will terminate upon (1) the defeasance or discharge of the Notes, as provided below under "Defeasance and Discharge," or (2) the assumption of the guarantee by a successor guarantor upon a merger or consolidation of CSX Corporation or the conveyance, transfer or lease of substantially all of CSX Corporation's assets as set forth above. The guarantee will also terminate at such time as CSXT is no longer required to file information, documents and other reports with the SEC pursuant to Section 13 or 15(d) of the Exchange Act.

Redemption with Premium

The Notes will be redeemable, in whole or in part, at CSXT's option at any time. CSXT may also redeem the Notes in part, if items of Equipment have become worn out or unsuitable in any respect for use by CSXT, as described below under the caption "Certain Covenants: Release and Replacement of Equipment; Replacement Funds."

The redemption price for the Notes to be redeemed will equal the following amount, plus accrued and unpaid interest to the redemption date:

100% of the principal amount of such Notes; plus

As determined by an independent investment banking institution of national standing appointed by CSXT (the "Investment Banker"), the applicable premium described below.

The redemption price will be calculated assuming a 360-day year consisting of twelve 30-day months.

Premium will only be payable with respect to Notes redeemed pursuant to this provision. The premium payable with respect to Notes redeemed pursuant to this provision will be calculated on the basis of the principal installments to be reduced as a result of such redemption.

To determine the applicable premium for any Notes to be redeemed, the Investment Banker will determine, as of the third Business Day prior to the redemption date, the sum of the present values of all of the remaining

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scheduled payments of principal to be reduced in connection with the redemption and interest that would be payable on the principal amounts to be reduced from (but not including) the redemption date to the applicable payment date discounted semiannually on each January 15 and July 15, using a discount rate equal to the Treasury Rate (as defined below) plus 35 basis points. If the sum of these present values of the remaining payments as computed above exceeds the aggregate unpaid principal amount of the Notes to be redeemed plus any accrued but unpaid interest thereon, the difference will be payable as a premium upon prepayment of such Notes. If the sum is equal to or less than such principal amount plus accrued interest, there will be no premium payable on such Notes.

Treasury Rate means, with respect to redemption of a Note, a per annum rate (expressed as a semiannual equivalent and as a decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield) determined to be the per annum rate equal to the semiannual yield to maturity for United States Treasury securities maturing on the **Average Life Date** (as defined below) of such Note, as determined by interpolation, if necessary, between the most recent weekly average yields to maturity for two series of United States Treasury securities, (A) one maturing as close as possible to, but earlier than, the Average Life Date of such Note and (B) the other maturing as close as possible to, but later than, the Average Life Date of such Note, in each case as published as of 10:00 A.M. (New York City time) on the second Business Day preceding the scheduled date for redemption on the display designated as **Page PX-1** on the Bloomberg Financial Markets (or such other display as may replace **Page PX-1** on the Bloomberg Financial Markets) for actively traded U.S. Treasury Securities or if such yields are not reported as of such time or are not ascertainable, as published in the most recent H.15(519). **H.15(519)** means **Statistical Release H.15(519), Selected Interest Rates**, or any successor publication, published by the Board of Governors of the Federal Reserve System. The most recent H.15(519) means the latest H.15(519) which is published prior to the close of business on the third Business Day preceding the scheduled date for redemption.

Average Life Date means, with respect to any Note to be redeemed, the date that follows the date for redemption by a period equal to the number of days equal to the quotient obtained by dividing (a) the sum of the products obtained by multiplying (i) the amount of each remaining principal payment on such Note to be redeemed in connection with any such redemption by (ii) the number of days from and including the date for redemption to but excluding the scheduled payment date of such principal payment by (b) the unpaid principal amount of such Note to be redeemed.

CSXT will mail notice of any redemption at least 30 days but not more than 60 days before the redemption date to each holder of the Notes to be redeemed. CSXT will provide the Trustee with at least 45 days prior notice of any redemption. CSXT will also deliver to the Trustee an officers certificate stating the premium payable with respect to each \$1,000 principal amount of Notes.

Unless CSXT defaults in payment of the redemption price, on and after the redemption date interest will cease to accrue on the Notes or portions of the Notes called for redemption.

If CSXT redeems the Notes at its option in part, CSXT will specify to the Trustee the items of Equipment to be released from the Lien created by the indenture upon consummation of such redemption and the principal amount of the Notes to be redeemed shall be the aggregate **Equipment Group Redemption Amount** (as defined below under **Redemption at Par**) for the Equipment Groups to which such items of Equipment belong. The reduction of relevant principal installments will be determined as set forth below under **Redemption at Par** as if such items of Equipment suffered a **Casualty Occurrence**.

If CSXT redeems the Notes pursuant to this provision, it will be required to provide the Trustee with an officers certificate calculating (i) the **Applicable Percentage** for each affected Equipment Group, (ii) the **Equipment Group Redemption Amounts** for each affected Equipment Group, (iii) the total principal amount of Notes to be redeemed and (iv) the amounts of the scheduled principal installments to be reduced (and the

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payment dates affected) as a result of the redemption and attaching a revised schedule of remaining principal installments and pool factors, and the Trustee will be entitled to rely on such officers' certificate.

Upon the redemption of any Notes pursuant to this provision, the Trustee will release from the Lien created by the indenture the items of Equipment specified by CSXT, as specified in the preceding paragraph.

Redemption at Par

CSXT is required to redeem the Notes in part upon the occurrence of a Casualty Occurrence (as described below under the caption "Certain Covenants - Casualty Occurrence") with respect to any items of Equipment, unless CSXT elects to replace such Equipment, at a redemption price equal to the sum of (i) as to principal, an amount equal to the sum of the Equipment Group Redemption Amounts (as defined below) for all Equipment Groups to which the affected items of Equipment belong, and (ii) as to interest, accrued and unpaid interest in respect of the principal amount to be redeemed pursuant to clause (i) above on the redemption date.

The *Equipment Group Redemption Amount* for any Equipment Group is equal to the product derived by multiplying (x) the Applicable Percentage (as defined below) for such Equipment Group by (y) the sum of the portions of the remaining scheduled installments of principal attributable to the Equipment Group (the portions of the scheduled principal installments attributable to each Equipment Group as of the issuance date of the Notes are set forth in the second table appearing under the heading "Scheduled Payments" in this prospectus supplement).

The *Applicable Percentage* for any Equipment Group with respect to any partial redemption of the Notes is equal to the quotient derived by dividing (x) the number of affected items of Equipment belonging to such Equipment Group by (y) the total number of items of Equipment belonging to such Equipment Group on the date of issuance of the Notes.

The scheduled installment of principal on the Notes (which are initially as set forth in the first table under the caption "Scheduled Payments") on each payment date occurring after a redemption pursuant to this provision would be reduced by the sum, for all Equipment Groups to which affected items of Equipment belong (or, the number of items of Equipment to be released from the lien created by the indenture, in the case of a partial redemption at CSXT's option made pursuant to the provision described above under the caption "Redemption with Premium"), of the products of (x) the Applicable Percentage for each such Equipment Group multiplied by (y) the portion of the scheduled installment of principal for such payment date attributable to such Equipment Group (which are initially as set forth in the second table under the caption "Scheduled Payments").

If CSXT redeems the Notes pursuant to this provision, it will be required to provide the Trustee with an officers' certificate calculating (i) the Applicable Percentage for each affected Equipment Group, (ii) the Equipment Group Redemption Amounts for each affected Equipment Group, (iii) the total principal amount of Notes to be redeemed and (iv) the amounts of the scheduled principal installments to be reduced (and the payment dates affected) as a result of the redemption and attaching a revised schedule of remaining principal installments and pool factors, and the Trustee will be entitled to rely on such officers' certificate.

Any redemption resulting from a Casualty Occurrence will not require the payment of any premium.

Upon the redemption of any Notes as described above, the Trustee shall release from the lien created by the indenture the items of Equipment specified by CSXT for which a Casualty Occurrence has occurred (as described below under "Certain Covenants - Casualty Occurrence").

Security

The indenture will grant the Trustee a security interest in the Equipment.

CSXT will file memoranda or other suitable evidence of the indenture and all supplements thereto with respect to the Equipment with the STB pursuant to the federal laws of the United States in respect of interests in

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railroad equipment. Such filings give the Trustee a perfected security interest in all of the Equipment subject to the indenture whenever it is located in the United States.

The Equipment may be operated by CSXT or under lease or interchange arrangements in the United States, Canada or Mexico. CSXT will deposit memoranda or other suitable evidence of the indenture and all supplements thereto with respect to the Equipment with the Registrar General of Canada pursuant to the federal laws of Canada in respect of interests in railroad equipment, but CSXT has not taken and is not required to take, any action with respect to Mexico. The extent to which the Trustee's interest would be recognized in an item of Equipment located in Mexico is uncertain.

An item of Equipment will be released from the lien created by the indenture and the indenture will terminate without further action and will be of no further force or effect with respect to such Equipment upon the earliest to occur of (i) the Trustee's release of the liens on such Equipment pursuant to the provisions discussed under the captions Redemption with Premium, Redemption at Par, Certain Covenants Casualty Occurrence or Certain Covenants Release and Replacement of Equipment; Replacement Funds, (ii) CSXT's payment in full of the principal amount of, interest and any premium on, all Notes outstanding and all other sums payable to the Trustee and the holders of the Notes under the indenture and under the Notes, and (iii) CSXT's defeasance of the Notes.

Certain Covenants

Limitation on Liens on Stock of CSXT's Principal Subsidiaries

The indenture provides that neither CSXT nor CSX Corporation may, nor may CSXT or CSX Corporation permit any of their respective subsidiaries to, create, assume, incur or suffer any lien of any kind upon any stock or indebtedness, whether owned on the date of the indenture or acquired later, of any principal subsidiary, to secure any obligation (other than the securities issued from time to time pursuant to the indenture) of CSXT or CSX Corporation, any of their respective subsidiaries or any other person, unless all of the outstanding Notes (and other outstanding debt securities issued from time to time pursuant to the indenture) will be directly secured equally and ratably with that obligation for so long as such obligation (other than the securities issued from time to time pursuant to the indenture) shall be so secured. This provision does not restrict any other property of CSXT, CSX Corporation or their respective subsidiaries. The indenture defines obligation as indebtedness for money borrowed or indebtedness evidenced by a bond, note, debenture or other evidence of indebtedness; principal subsidiary as The Baltimore and Ohio Chicago Terminal Railroad Company, an Illinois corporation; and subsidiary, with respect to any person, as a corporation or other legal entity a majority of the outstanding voting stock or analogous equity interest of which is owned, directly or indirectly, by such person or one or more other subsidiaries of such person, or by such person and one or more subsidiaries of such person. The indenture does not prohibit the sale by CSXT, CSX Corporation or any of their respective subsidiaries of any stock or indebtedness of any subsidiary, including any principal subsidiary.

Liens

Pursuant to the indenture, CSXT will agree to keep each item of Equipment free and clear of all liens, except certain permitted liens, and will agree to promptly, at its expense, discharge any liens that are not permitted if the same shall arise at any time.

Maintenance and Lease of Equipment

CSXT is also obliged, at its own expense, to maintain the Equipment (i) in good repair and operating condition, ordinary wear and tear excepted, (ii) in a manner consistent with maintenance practices used by CSXT in respect of other similar equipment owned or leased by it, (iii) in compliance, in all material respects, with all applicable laws, and (iv) in compliance with any maintenance requirements, if any, contained in insurance policies

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maintained by CSXT pursuant to the covenant described below under the caption Insurance unless such Equipment suffers a Casualty Occurrence.

CSXT may use the Equipment in the normal course of its business, but can also provide the Equipment to an affiliate of CSXT for its use and operation, may permit the use of the Equipment upon connecting and other railroads in the usual interchange of traffic or over which through service may be afforded and may lease the Equipment to certain users in the United States, Canada or Mexico, but in all cases subject to the terms of the indenture.

Casualty Occurrence

If any item of Equipment is lost, stolen, destroyed, irreparably damaged, or otherwise rendered permanently unfit for use by CSXT from any cause whatsoever in the good faith opinion of a responsible officer of CSXT (such occurrences being referred to as Casualty Occurrences), CSXT will promptly, upon being advised of such Casualty Occurrence, deliver to the Trustee an officers certificate describing such Equipment and, will on or prior to the interest payment date next succeeding the delivery of such officers certificate (or, if the next interest payment date shall be less than 60 days from such delivery, on the second succeeding interest payment date) either (i) deposit with the Trustee an amount in cash equal to the amount required to redeem that portion of the Notes that are to be redeemed on account of such Casualty Occurrence on such interest payment date pursuant to the provision described above under the caption Redemption at Par, but only after the amount theretofore undeposited exceeds an aggregate of \$1,000,000 (until which time CSXT will not be obligated to redeem the Notes pursuant to this provision) or, in such event, (ii) subject to the lien created by the indenture, as replacement for such unit, title to a replacement unit of similar type and capable of performing comparable function as the replaced unit (a Replacement Unit) free and clear of all liens other than permitted liens under the indenture and having a fair market value, utility and remaining useful life at least equal to, and being in as good operating condition as, such replaced unit, assuming such replaced unit was in the condition and repair required by the terms of the indenture immediately prior to such Casualty Occurrence.

Prior to or at the time of any such conveyance and as a condition to such replacement, CSXT will, at its own expense,

(A) duly execute a supplemental indenture which will subject such Replacement Unit to the first supplemental indenture and to the lien created by the indenture and cause such supplemental indenture to be delivered to the Trustee for execution and, upon such execution, cause such supplemental indenture or appropriate evidence thereof to be filed, recorded or deposited in every public office where the indenture (or appropriate evidence thereof) covering the replaced unit shall have been filed, recorded or deposited;

(B) furnish to the Trustee an officers certificate certifying that the Replacement Unit is free and clear of all liens other than permitted liens under the indenture;

(C) furnish to the Trustee an opinion or opinions of counsel to the effect that (x) the Replacement Unit is subject to the lien created by the indenture, (y) all filings, recordings and other action necessary to perfect the Trustee's security interests in the United States of America and Canada in the Replacement Unit have been accomplished and (z) the protection of Section 1168 of the Bankruptcy Code (or any successor provision then in effect) shall be applicable to such Replacement Unit;

(D) furnish to the Trustee a certificate of a qualified engineer (who may be the chief mechanical officer employed by CSXT) certifying that the Replacement Unit has a fair market value, utility and remaining economic useful life at least equal to the item of Equipment replaced thereby (assuming that such replaced unit was maintained in the condition required by the terms of the indenture) and setting forth a reasonable basis for such conclusion in reasonable detail; and

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(E) pay all of the Trustee's reasonable costs and expenses (including reasonable attorney's fees) incurred in connection with such substitution.

Upon CSXT's full compliance with the terms of this covenant, the Trustee will release such replaced items of Equipment from the lien created by the indenture, and the Trustee will execute and deliver all documents reasonably requested by CSXT to effect and evidence such release. For all purposes under the indenture, each Replacement Unit will, after such conveyance, be deemed an item of Equipment belonging to the same Equipment Group as the unit it replaced.

Promptly after being advised of a Casualty Occurrence, CSXT covenants and agrees to furnish to the Trustee an officers' certificate stating the amount, description and numbers of all the Equipment that have suffered a Casualty Occurrence. Upon written request, CSXT will provide such other information as to the condition and state of repair of the Equipment as the Trustee may reasonably request. The Trustee, by its agents, will have the right once in each calendar year, but shall be under no duty, to inspect, at CSXT's expense, the Equipment, pursuant to the conditions set forth in the indenture.

Release and Replacement of Equipment; Replacement Funds

If, in the good faith opinion of one of CSXT's officers, any items of Equipment shall have become worn out or unsuitable in any respect for use by CSXT, CSXT and the Trustee will enter into a supplemental indenture to release any such Items of Equipment from the lien created by the indenture if the conditions set forth below are met.

No such release will be made unless and until CSXT has, on or prior to the interest payment date next succeeding the delivery of an officers' certificate to the Trustee notifying the Trustee of the worn out or unsuitable equipment (or, if the next interest payment date is less than 60 days from such delivery, on the second succeeding interest payment date) either (i) paid to the Trustee an amount in cash equal to the amount required to redeem that portion of the Notes that may be redeemable on account of such Equipment becoming worn out or unsuitable for use on such interest payment date pursuant to the provisions set forth under the caption "Redemption with Premium," or (ii) subjected to the lien created by the indenture replacement units of Equipment in accordance with all of the conditions for replacement set forth in clause (ii) of the first paragraph and in the second paragraph under the caption "Certain Covenants - Casualty Occurrence."

Any moneys paid to the Trustee pursuant to this covenant or the covenant described under the caption "Certain Covenants - Casualty Occurrence" (such moneys being referred to as "Replacement Funds") will be received and held by the Trustee in trust hereunder pending delivery of replacement units, or the redemption of Notes on the applicable interest payment date, and may be invested and reinvested as provided in the indenture.

Upon the filing with the Trustee of a request and an officers' certificate which will specify the kind and number of replacement units to be added to the collateral securing the Notes and the Equipment Group to which such replacement units belong or the principal amount of Notes to be redeemed, or both, such moneys shall be applied by the Trustee to:

(a) reimburse CSXT for replacement units to be added to the collateral securing the Notes, upon its delivery of certain documents to the Trustee and its satisfying the conditions for replacement set forth in clause (ii) of the second paragraph under this heading, "Certain Covenants - Release and Replacement of Equipment; Replacement Funds," or

(b) redeem such Notes as provided under the caption "Redemption with Premium" or "Redemption at Par."

Upon compliance with the above provisions with respect to any item of Equipment having been declared worn out or unsuitable for use, the Trustee shall release from the lien of the indenture such items of Equipment.

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Insurance

CSXT will be required to, at its expense, carry and maintain insurance under the indenture in such amounts, against such risks, with such insurance companies and with such terms as are customary under its risk management program and which does not discriminate among the items of Equipment, including all risk property insurance on the Equipment and public liability insurance. In the alternative, CSXT may provide self-insurance if customary under its risk management program. All insurance coverage, including self-insurance, with respect to the Equipment must be comparable to, and no less favorable than, insurance coverage maintained by CSXT with respect to similar types of equipment.

Merger, Consolidation and Sale of Assets

The indenture will provide that CSXT may, without the consent of the holders of any of the outstanding Notes, consolidate with, merge into or transfer, convey or lease its assets substantially as an entirety to any legal entity organized under the laws of any domestic or foreign jurisdiction, provided that:

- (1) the successor be a railroad (as defined in section 101(44) of Title 11, United States Code (the Bankruptcy Code)) to the extent necessary to entitle the Trustee to the benefits of section 1168 of the Bankruptcy Code with respect to the items of Equipment,
- (2) the person formed by such consolidation or into which CSXT is merged or the person which acquired by conveyance, transfer or lease the properties and assets of CSXT substantially as an entirety be a legal entity organized and existing under the laws of any domestic or foreign jurisdiction, and expressly assumes, by supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of and any premium and interest, if any, on all the Notes and the performance of every covenant of the indenture on the part of CSXT to be performed or observed,
- (3) after giving effect to the transaction, no event of default under the indenture, and no event which, after notice or lapse of time, or both, would become an event of default will have occurred and be continuing, and
- (4) CSXT delivers to the Trustee an officers' certificate and an opinion of counsel each stating that the transaction and supplemental indenture, if any, comply with clauses (1), (2) and (3) above and that all conditions precedent in the indenture relating to the transaction have been complied with.

Reports

CSXT will:

- (i) deliver to the Trustee, within 30 days after CSXT is required to file the same with the SEC, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe) which CSXT may be required to file with the SEC pursuant to Section 13 or Section 15(d) of the Exchange Act; or, (ii) if CSXT is not required to file information, documents or reports pursuant to either of said Sections, then it will deliver to the Trustee audited annual and unaudited quarterly financial statements prepared in accordance with generally accepted accounting principles in the United States and, with respect to the unaudited quarterly financial statements, certified by an accounting officer of CSXT, provided that CSXT will not be required to comply with the foregoing provisions of this clause so long as the guarantee is in effect and CSX Corporation files with the SEC its consolidated financial statements in compliance with Rule 3-10 (or any successor rule thereto) of Regulation S-X under the Securities Act;
- (ii) file with the Trustee and the SEC, in accordance with rules and regulations prescribed from time to time by the SEC, such additional information, documents and reports with respect to compliance by CSXT with the conditions and covenants of the indenture as may be required from time to time by such rules and regulations; and
- (iii) transmit to all holders of Notes within 30 days after the delivery thereof to the Trustee, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act, such summaries of any

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information, documents and reports required to be delivered by CSXT pursuant to paragraphs (i) and (ii) of this section as may be required by rules and regulations prescribed from time to time by the SEC; provided, that CSXT will not be so obligated to the extent any such information, documents or reports have been filed with the SEC or are otherwise publicly available.

Events of Default and Remedies

Each of the following constitutes an event of default under the indenture (each, an Event of Default):

- (a) any failure by CSXT to make any payment of principal of, or premium, if any, or interest on, any Note within ten business days after the same shall have become due;
- (b) failure by CSXT to make any other payment required to be made under the indenture after the same shall have become due and such failure shall continue for a period of 30 days after written notice thereof;
- (c) CSXT operates any item of Equipment in service when any public liability insurance required by the indenture pursuant to the covenant described above under the caption Certain Covenants Insurance, if any, will fail to be in effect and such failure shall continue for a period of 30 days following the date of the lapse of any such public liability insurance;
- (d) any unauthorized assignment or transfer of CSXT's rights under the indenture or any unauthorized transfer, lease or parting with the possession of any of the Equipment which is not, within 30 days after the Trustee's written demand, cured;
- (e) breach of any covenant by CSXT for a period of 90 days after written demand for performance by the Trustee, subject (other than a breach of the covenant set forth above under the caption Certain Covenants Liens) to certain rights to remedy such breach within an additional 365 days after such demand;
- (f) voluntary or involuntary bankruptcy or similar proceeding involving CSXT; or
- (g) the guarantee of the Notes shall not be (or be claimed by the CSX Corporation or a successor guarantor not to be) in full force and effect, unless terminated in accordance with the indenture.

If an Event of Default shall occur and be continuing, the Trustee may, and when instructed by the holders of at least 25% in aggregate outstanding principal amount of the Notes shall, declare the unpaid principal of all Notes immediately due and payable, together with all accrued but unpaid interest thereon (or, in the case of an Event of Default as described under clause (f) above, the unpaid principal of all Notes shall become immediately due and payable without written notice thereof). In addition, if an Event of Default shall occur and be continuing, the Trustee may take possession of all or any part of the Equipment subject to the indenture and may lease it, or any part thereof, to others or, after declaring the unpaid principal of all Notes immediately due and payable, may sell the Equipment upon such terms as the Trustee shall determine or as may be required by law.

If the Trustee shall exercise any of the foregoing powers, all proceeds realized by the Trustee shall be applied first, to pay or reimburse the Trustee for any unpaid fees for its services under the indenture and any tax, liability, expense (including reasonable attorneys' fees) or other loss incurred by the Trustee (to the extent reimbursable and not previously reimbursed and to the extent reasonably incurred in connection with its duties as Trustee), second, to reimburse the holders of the Notes for indemnification payments made by them to the Trustee pursuant to the indenture (to the extent not previously reimbursed), third, to pay in full the aggregate unpaid principal amount of all Notes, plus the accrued but unpaid interest thereon to the date of distribution, and in case the aggregate amount so to be distributed shall be insufficient to pay in full the aforesaid amounts, such amounts will be distributed ratably among the holders of the Notes.

Upon full satisfaction of the foregoing obligations of CSXT, any Equipment subject to the lien created by the indenture remaining unsold and any balance of any funds held by the Trustee will become the property of CSXT.

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Under certain circumstances, holders of a majority in principal amount of the outstanding Notes may waive an Event of Default which has previously been cured by us prior to the sale of the Equipment by the Trustee.

The indenture provides that no holder of any Notes shall have any right to institute any action or proceeding for the execution and enforcement of the indenture unless an indemnity satisfactory to the Trustee has been provided and the Trustee declines, fails or neglects to do so for 60 days after receipt of such indemnity and a written request therefor by the holders of not less than 25% in principal amount of outstanding Notes.

Meetings, Modification and Waiver

The indenture permits CSXT, CSX Corporation and the Trustee, with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding Notes and affected by a modification or amendment (voting as one class), to modify or amend any of the provisions of the indenture or of the Notes or the rights of the holders of the Notes under the indenture, provided that no modification or amendment will, without the consent of each holder of each outstanding Note affected by that modification or amendment:

change the stated maturity of the principal of, or any premium or installment of or interest on, the Notes, or reduce the principal amount of or the rate (or modify the calculation of such rate) of interest on or any premium payable upon the redemption of the Notes, or change the place of payment, the coin or currency in which the principal of any Note or any premium or interest on any Note is payable, or impair the right to institute suit for the enforcement of any payment on or after the stated maturity of any Note (or, in the case of redemption, on or after the redemption date),

reduce the percentage in principal amount of the Notes, the consent of the holders of which is required for any modification or amendment or the consent of whose holders is required for any waiver (of compliance with certain provisions of the indenture or certain defaults under the indenture and their consequences) or reduce the requirements for a quorum or voting at a meeting of holders of the Notes,

change any obligation of CSXT to maintain an office or agency in the places and for the purposes required by the indenture,

release CSX Corporation from its guarantee, except as provided above in the fifth paragraph under the heading "Guarantee", or

modify any of the above provisions (except as permitted by the indenture).

The indenture also contains provisions permitting CSXT, CSX Corporation and the Trustee, without the consent of the holders of the Notes, to modify or amend the indenture in order, among other things:

to evidence the succession of another person to CSXT or CSX Corporation, and the assumption by any such successor of the covenants of the CSXT or CSX Corporation, as applicable, contained in the indenture and Notes;

to add to the covenants of CSXT for the benefit of the holders of the Notes or to surrender any right or power that the indenture confers upon CSXT;

to evidence and provide for the acceptance of appointment by a successor trustee with respect to the Notes and to add to or change any of the provisions of the indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one trustee;

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to cure any ambiguity or to correct or supplement any provision contained in the indenture which may be defective or inconsistent with any other provision therein, or to make any other provisions with respect to matters or questions arising under the indenture which shall not adversely affect the interests of the holders of Notes in any material respect;

to add any additional events of default with respect to the Notes (as will be specified in such supplemental indenture); or

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to supplement any of the provisions of the indenture to such extent as shall be necessary to permit or facilitate the defeasance and discharge of the Notes, provided that any such action shall not adversely affect the interests of any holder of the Notes in any material respect;

Additionally, without the consent of any holder of Notes, CSXT (when authorized by or pursuant to a Board Resolution), CSX Corporation and the Trustee, at any time and from time to time, may enter into one or more supplemental indentures for the purpose of correcting or amplifying the description of any property at any time subject to the lien created by the indenture or better to assure, convey and confirm unto the Trustee any property subject or required to be subject to the lien created by the indenture or to subject to the lien created by the indenture any item of Equipment in accordance with the provisions of the indenture; provided, however, that any supplemental indenture entered into for the purpose of subjecting to the lien created by the indenture any item of Equipment need only be executed by CSXT.

Notwithstanding the above, no supplemental indenture may create any lien with respect to the property (including the Equipment) subject to the lien created by the indenture ranking prior to, or on a parity with, the security interest created by the indenture except such as permitted by the indenture, or deprive any holder of a Note of the benefit of the lien created by the indenture.

The holders of at least a majority in aggregate principal amount of the outstanding Notes may, on behalf of the holders of all the outstanding Notes, waive compliance by CSXT with certain restrictive provisions of the indenture, including the covenants described above under Certain Covenants. The holders of not less than a majority in aggregate principal amount of the outstanding Notes may, on behalf of all holders of the Notes, waive any past default under the indenture with respect to the Notes, except a default (a) in the payment of principal of or any premium or interest on any of the Notes or (b) in respect of a covenant or provision of the indenture which cannot be modified or amended without the consent of the holder of each outstanding Note affected.

The indenture provides that in determining whether the holders of the requisite principal amount of the outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under that indenture or are present at a meeting of holders of Notes for quorum purposes, any Notes owned by CSXT or any affiliate of CSXT will be deemed not to be outstanding.

The indenture contains provisions for convening meetings of the holders of the Notes. A meeting may be called at any time by the Trustee, and also, upon request, by CSXT or the holders of at least 10% in aggregate principal amount of the Notes, in each case upon notice given in accordance with the provisions of the indenture. Except for any consent which must be given by the holder of each outstanding Note that would be affected as described above, any resolution presented at a meeting, or adjourned meeting duly reconvened, at which a quorum (as described below) is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the outstanding Notes; provided, however, that, except for any consent which must be given by the holder of each outstanding Note that would be affected, as described above, any resolution with respect to any consent, waiver, request, demand, notice, authorization, direction or other action which may be given by the holders of not less than a specified percentage in principal amount of the outstanding Notes may be adopted at a meeting, or an adjourned meeting duly reconvened, at which a quorum is present only by the affirmative vote of the holders of not less than the specified percentage in principal amount of the outstanding Notes.

Any resolution passed or action taken at any meeting of holders of Notes duly held in accordance with the indenture will be binding on all holders of Notes. The quorum required for any meeting called to adopt a resolution, and at any reconvened meeting, will be persons holding or representing a majority in principal amount of the outstanding Notes; provided, however, that if any action is to be taken at that meeting with respect to a consent, waiver, request, demand, notice, authorization, direction or other action which may be given by the holders of not less than a specified percentage in principal amount of the outstanding Notes, the persons holding or representing that specified percentage in principal amount of the outstanding Notes will constitute a quorum.

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Discharge and Defeasance

Upon the direction of CSXT, the indenture and the guarantee will generally cease to be of further effect with respect to the Notes (subject to the survival of certain provisions of the indenture) when:

CSXT has delivered to the Trustee for cancellation all Notes issued under the indenture or

all Notes issued under the indenture not previously delivered to the Trustee for cancellation have become due and payable, or are by their terms to become due and payable at their stated maturity within one year or are to be called for redemption within one year, and CSXT has deposited or caused to be deposited with the Trustee as trust funds the entire amount sufficient to pay and discharge at stated maturity or upon redemption the entire indebtedness on all of the Notes

(and if, in either case, CSXT has paid or caused to be paid all other sums payable under the indenture with respect to the Notes by CSXT and CSXT has delivered to the Trustee an officers' certificate and an opinion of counsel each stating that the requisite conditions have been complied with).

In addition, CSXT may elect with respect to the Notes to defease and be discharged from any and all obligations with respect to the Notes (except as otherwise provided in the indenture) ("defeasance"). If CSXT exercises its defeasance option with respect to the Notes, payment of those Notes may not be accelerated because of an Event of Default.

The lien created by the indenture and the guarantee of CSX would each be released upon the exercise of CSXT's defeasance option with respect to the Notes.

CSXT may exercise its defeasance option with respect to the Notes, only if:

- (1) CSXT irrevocably deposits or causes to be deposited with the Trustee as trust funds cash and/or U.S. government obligations for the payment of principal, premium, if any, and interest with respect to the Notes to maturity or redemption, as the case may be, and CSXT delivers to the trustee a certificate from a nationally recognized firm of independent public accountants expressing their opinion that the payments of principal and interest when due and without reinvestment on the deposited U.S. government obligations plus any deposited money without investment will provide cash at the times and in the amounts as will be sufficient to pay the principal, premium, if any, and interest when due with respect to all of the Notes to maturity or redemption, as the case may be,
- (2) the defeasance does not result in a breach or violation of, or constitute a default under, the indenture or any other material agreement or instrument to which CSXT is a party or by which CSXT is bound,
- (3) no Event of Default or event which with notice or lapse of time or both would become an Event of Default with respect to the Notes has occurred and is continuing

on the date of the deposit or

with respect to certain bankruptcy defaults, at any time during the period ending on the 123rd day after the date of the deposit,

- (4) the defeasance will not cause the Trustee to have a conflicting interest for purposes of the Trust Indenture Act of 1939, as amended, and does not result in the trust arising from that deposit to constitute, unless it is qualified as, a regulated investment company under the Investment Company Act of 1940, as amended,

- (5) CSXT delivers to the Trustee an opinion of counsel to the effect that the holders of the Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of the defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the defeasance had not occurred,

- (6) CSXT delivers to the Trustee a letter from each of Moody's Investors Service, Inc. and Standard & Poor's Ratings Services stating that immediately after giving effect to such defeasance its ratings of the Notes will not be withdrawn, suspended or reduced from the ratings in effect immediately before such defeasance, and

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- (7) CSXT delivers to the Trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent to the defeasance of the Notes as contemplated by the indenture have been complied with.

The opinion of counsel referred to in clause (5) above, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the indenture.

The Trustee must hold in trust cash or U.S. government obligations deposited with it as described above and must apply the deposited cash and the proceeds from deposited U.S. government obligations to the payment of principal, premium, if any, and interest with respect to the Notes.

Governing Law

The indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

Book-Entry Notes

The Notes will be represented by one or more permanent global Notes in definitive, fully registered form without interest coupons. Each beneficial interest in a global Note is referred to as a book-entry Note. Each global Note representing book-entry Notes will be deposited with the trustee, as custodian for, and registered in the name of, a nominee of The Depository Trust Company, as depository, located in the Borough of Manhattan, The City of New York (the Depository).

The book-entry Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in the Depository. Investors may elect to hold interests in the book-entry Notes through either the Depository (in the U.S.) or Clearstream Banking, société anonyme (Clearstream Luxembourg) or Euroclear Bank S.A./N.V., as operator of the Euroclear System (Euroclear) (in Europe) if they are participants of such systems, or indirectly through organizations that are participants in such systems. Clearstream Luxembourg and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream Luxembourg's and Euroclear's names on the books of their respective depositories, which in turn will hold such interests in customers' securities accounts in the depositories' names on the books of the Depository. Citibank, N.A. will act as depository for Clearstream Luxembourg and The Bank of New York will act as depository for Euroclear (in such capacities, the U.S. Depositories). The book-entry Notes will be held in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. Except as set forth below, the global Notes may be transferred, in whole and not in part, only to another nominee of the Depository or to a successor of the Depository or its nominee.

Clearstream Luxembourg advises that it is incorporated under the laws of Luxembourg as a professional depository. Clearstream Luxembourg holds securities for its participating organizations (Clearstream Luxembourg Participants) and facilitates the clearance and settlement of securities transactions between Clearstream Luxembourg Participants through electronic book-entry changes in accounts of Clearstream Luxembourg Participants, thereby eliminating the need for physical movement of certificates. Clearstream Luxembourg provides to Clearstream Luxembourg Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream Luxembourg interfaces with domestic markets in several countries.

As a professional depository, Clearstream Luxembourg is subject to regulation by the Luxembourg Monetary Institute. Clearstream Luxembourg Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream Luxembourg is also

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available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Luxembourg Participant either directly or indirectly. Distributions with respect to Notes held beneficially through Clearstream Luxembourg will be credited to cash accounts of Clearstream Luxembourg Participants in accordance with its rules and procedures, to the extent received by the U.S. Depository for Clearstream Luxembourg.

Euroclear advises that it was created in 1968 to hold securities for participants of Euroclear (Euroclear Participants) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N. V. (the Euroclear Operator), under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation (the Cooperative). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly. The Euroclear Operator was launched on December 31, 2000, and replaced Morgan Guaranty Trust Company of New York as the operator of and banker to the Euroclear system. The Euroclear Operator has capital of approximately EUR 1 billion. Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the Terms and Conditions). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis, without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants. Distributions with respect to each series of Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by the U.S. Depository for Euroclear.

So long as the Depository, or its nominee, is the registered owner or holder of a global Note, the Depository or the nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by that global Note for all purposes under the senior indenture and the Notes. No beneficial owner of an interest in a global Note will be able to transfer that interest, except in accordance with the Depository's applicable procedures, in addition to those provided for under the senior indenture.

CSXT has been advised by the Depository that upon the issuance of global Notes representing book-entry Notes, and the deposit of those global Notes with the Depository, the Depository will immediately credit, on its book-entry registration and transfer system, the respective principal amounts of the book-entry Notes represented by those global Notes to the accounts of participants. The accounts to be credited shall be designated by the underwriters.

Payments of principal of and any premium and interest on book-entry Notes will be made to the Depository or its nominee, as the case may be, as the registered owner of those Notes. Those payments to the Depository or its nominee, as the case may be, will be made in immediately available funds at the offices of The Bank of New York, as paying agent, in the Borough of Manhattan, The City of New York, provided that, in the case of payments of principal and any premium, the global Notes are presented to the paying agent in time for the paying agent to make those payments in immediately available funds in accordance with its normal procedures. None of CSXT, the underwriters, the trustee or any agent of CSXT, the underwriters or the trustee will have any responsibility or liability for any aspect of the Depository's records or any participant's records relating to or

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payments made on account of book-entry Notes or for maintaining, supervising or reviewing any of the Depository's records or any participant's records relating to book-entry Notes.

CSXT expects that the Depository or its nominee, upon receipt of any payment of principal of or any premium or interest in respect of a global Note, will immediately credit, on its book-entry registration and transfer system, accounts of participants with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global Notes, as shown on the records of the Depository or its nominee.

CSXT also expects that payments by participants to owners of beneficial interests in book-entry Notes held through those participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in street name, and will be the responsibility of those participants.

CSXT expects that the Depository will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account or accounts the depository interests in a global Note are credited and only in respect of the portion of the aggregate principal amount of the Notes as to which that participant or participants has or have given that direction. However, if there is an event of default under the Notes, the Depository will exchange the applicable global Note for definitive Notes in registered form, which it will distribute to its participants.

CSXT understands that the Depository is a limited purpose trust company organized under the laws of the State of New York, a banking organization within the meaning of New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the Uniform Commercial Code, and a Clearing Agency registered pursuant to the provisions of Section 17A of the Exchange Act. The Depository was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among participants through electronic book-entry changes in accounts of its participants and certain other organizations, thereby eliminating the need for physical movement of securities certificates. The Depository's participants include securities brokers and dealers (including the underwriters), banks, trust companies, clearing corporations, and certain other organizations, some of whom (or their representatives) own interests in the Depository. Indirect access to the Depository's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (indirect participants).

Although the Depository is expected to follow the foregoing procedures in order to facilitate transfers of interests in a global Note among participants of the Depository, it is under no obligation to perform or continue to perform those procedures and those procedures may be discontinued at any time. Neither CSXT, the underwriters nor the trustee will have any responsibility for the performance by the Depository or its respective participants or indirect participants of its respective obligations under the rules and procedures governing their operations.

The global Notes representing book-entry Notes may not be transferred except as a whole by a nominee of the Depository to the Depository or to another nominee of the Depository, or by the Depository or the nominee to a successor of the Depository or a nominee of the successor.

The global Notes representing book-entry Notes are exchangeable for definitive Notes in registered form, of like tenor and of an equal aggregate principal amount, only if:

The Depository notifies CSXT that it is unwilling or unable to continue as a depository for the global Notes, or if at any time the Depository ceases to be a Clearing Agency registered under the Exchange Act, and a successor depository is not appointed by CSXT within 90 days;

CSXT in its sole discretion determines that the book-entry Notes will be exchangeable for definitive Notes in registered form; or

Any event has happened and is continuing which, after notice or lapse of time, or both, would become an event of default with respect to the Notes.

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Any global Note representing book-entry Notes that is exchangeable pursuant to the preceding sentence will be exchangeable in whole for definitive Notes in registered form, of like tenor and of an equal aggregate principal amount, in denominations of U.S. \$2,000 and integral multiples of U.S. \$1,000 in excess thereof. Upon the exchange of a global Note for definitive Notes, that global Note will be canceled by the trustee and the definitive Notes will be registered in the names and in the authorized denominations as the Depositary, pursuant to instructions from its participants, any indirect participants or otherwise, instructs the trustee. The trustee will deliver those Notes to the persons in whose names those Notes are registered and will recognize those persons as the holders of those Notes.

Except as provided above, owners of book-entry Notes will not be entitled to receive physical delivery of Notes in definitive form and will not be considered the holders of those Notes for any purpose under the senior indenture, and no global Note representing book-entry Notes will be exchangeable, except for another global Note of like denomination and tenor to be registered in the name of the Depositary or its nominee. Accordingly, each person owning a book-entry Note must rely on the procedures of the Depositary and, if that person is not a participant, on the procedures of the participant through which that person owns its interest, to exercise any rights of a holder under that global Note or the senior indenture. The senior indenture provides that the Depositary, as a holder, may appoint agents and otherwise authorize participants to give or take any request, demand, authorization, direction, notice, consent, waiver or other action that a holder is entitled to give or take under the senior indenture. CSXT understands that under existing industry practices, if CSXT requests any action of holders or an owner of a book-entry Note desires to give or take any action a holder is entitled to give or take under the senior indenture, the Depositary would authorize the participants owning the relevant book-entry Notes to give or take that action, and those participants would authorize beneficial owners owning through those participants to give or take that action or would otherwise act upon the instructions of beneficial owners owning through them.

Clearance and Settlement Procedures

Initial settlement for the Notes will be made in immediately available funds. Transfers between participants in the Depositary will be effected in the ordinary way in accordance with the Depositary's rules and will be settled in same-day funds. Secondary market trading between Clearstream Luxembourg Participants and/or Euroclear Participants will be effected in the ordinary way, in accordance with the applicable rules and operating procedures of Clearstream Luxembourg and Euroclear, and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through participants in the Depositary, on the one hand, and directly or indirectly through Clearstream Luxembourg Participants or Euroclear Participants, on the other, will be effected in the Depositary in accordance with the Depositary's rules on behalf of the relevant European international clearing system by its U.S. Depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system, in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. Depositary to take action to effect final settlement on its behalf by delivering or receiving Notes in the Depositary, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to the Depositary. Clearstream Luxembourg Participants and Euroclear Participants may not deliver instructions directly to their respective U.S. Depositaries.

Because of time-zone differences, credits of book-entry Notes received in Clearstream Luxembourg or Euroclear as a result of a transaction with a Depositary participant will be made during subsequent securities settlement processing and dated the business day following the Depositary settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Euroclear or Clearstream Luxembourg Participants on such business day. Cash received in Clearstream Luxembourg or Euroclear as a result of sales of Notes by or through a Clearstream Luxembourg Participant or a Euroclear

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Participant to a Depositary participant will be received on the Depositary settlement date but will be available in the relevant Clearstream Luxembourg or Euroclear cash account only as of the business day following settlement in the Depositary.

Although the Depositary, Clearstream Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of Notes among participants of the Depositary, Clearstream Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

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LEGAL AND REGULATORY CONSIDERATIONS

Bankruptcy Considerations

Section 1168 of title 11, United States Code (the Bankruptcy Code) applies in cases under chapter 11 of the Bankruptcy Code concerning a railroad and affects the rights of, among others, a secured party with a security interest in certain types of equipment (described below). Section 1168 provides that the right of a secured party with a security interest in such equipment to take possession of such equipment in compliance with a security agreement and to enforce any of its other rights or remedies under such security agreement to sell, lease or otherwise retain such equipment is not limited or otherwise affected by any other provision of the Bankruptcy Code (including the automatic stay provisions of section 362 of the Bankruptcy Code) or by any power of the bankruptcy court, subject to the exception described in the following sentence. The right of a secured party to take possession and to enforce those other rights and remedies is subject to the automatic stay provisions of section 362 of the Bankruptcy Code, however, if (a) before the date that is 60 days after the date of the commencement of the railroad s chapter 11 case, the railroad, subject to bankruptcy court approval, agrees to perform all obligations under such equipment security agreement and (b) any default under such equipment security agreement (other than defaults arising from the railroad s bankruptcy, insolvency or financial condition, or certain similar defaults) (i) that is an event of default thereunder and that occurs before the commencement of the railroad s chapter 11 case is cured before such 60-day period expires, (ii) that occurs or becomes an event of default thereunder after the date that the bankruptcy case is commenced but before the expiration of such 60-day period is cured before the later of (A) the date that is 30 days after the default or event of default and (B) the expiration of such 60-day period and (iii) that occurs on or after such 60-day period expires is cured in accordance with the terms of such security agreement, if cure is permitted under that agreement. The 60-day period referenced above may be extended by agreement of the railroad and the secured party, subject to the bankruptcy court s approval.

If at any time during the chapter 11 case the secured party is entitled under Section 1168 of the Bankruptcy Code to take possession of the equipment in which it has a security interest and the secured party makes a written demand for such possession to the railroad, the railroad must immediately surrender and return such equipment to the secured party. At the time that the railroad must so surrender and return such equipment, the security agreement relating to the equipment, if it is an executory contract, is deemed rejected.

Under the Bankruptcy Code, a railroad means a common carrier by railroad engaged in the transportation of individuals or property or owner of trackage facilities leased by such a common carrier. The equipment described in Section 1168 of the Bankruptcy Code (a) is rolling stock equipment or accessories used on rolling stock equipment, including superstructures or racks, that is subject to a security interest granted by the railroad and (b) includes all records and documents relating to such equipment that are required, under the terms of the security agreement, that is to be surrendered or returned by the railroad in connection with the surrender or return of such equipment.

Subject to the assumptions and qualifications set forth in the opinion delivered by Cravath, Swaine & Moore LLP, CSXT has been advised that in the event CSXT becomes a debtor under chapter 11 of the Bankruptcy Code, Section 1168 will apply to the security interest granted by CSXT to the Trustee concerning the locomotive equipment securing the Notes.

Regulatory Approvals

Various states have statutes that may impose a requirement of prior approval for securities issued by railroad companies, including statutes that provide, among other things, that any securities issued without such approval are void or voidable. Until December 31, 1995, such statutes were specifically preempted by the jurisdiction of the Interstate Commerce Commission (the ICC). In December 1995, however, Congress enacted the ICC Termination Act of 1995 which, effective January 1, 1996, abolished the ICC, transferred exclusive jurisdiction

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to regulate rail transportation to the STB and repealed a provision of the Interstate Commerce Act requiring ICC approval of security issues by railroads. CSXT, which has not requested approvals of any state regulatory authority in connection with this offering, has been advised by its counsel, that, notwithstanding repeal of such provision, state prior approval statutes should not be applicable to this offering for a number of reasons, including the continued preemption of such statutes under the revised federal regulatory scheme embodied in the ICC Termination Act of 1995 and the invalidity of such statutes as applied to CSXT under the Commerce Clause of the United States Constitution.

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Table of Contents**CERTAIN TAX CONSIDERATIONS**

The following discussion is a general summary of certain material U.S. federal income tax consequences to non-U.S. holders of the ownership and disposition of the Notes. This discussion applies only to holders of Notes that acquire the Notes pursuant to this offering at the initial offering price. This discussion is based upon the Internal Revenue Code of 1986, as amended (the Code), Treasury regulations promulgated and proposed thereunder, judicial authorities, published positions of the Internal Revenue Service (the IRS) and other applicable authorities, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect.

No ruling has been or will be sought from the IRS regarding any matter discussed herein. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax discussion points set forth below. This discussion is limited to investors that hold the Notes as capital assets (generally, for investment purposes). Furthermore, except to the extent set forth below, this discussion does not address any U.S. federal gift or alternative minimum tax laws or any state, local or foreign tax laws. Prospective investors are urged to consult their tax advisors regarding the U.S. federal, state and local, foreign income and other tax consequences of the purchase, ownership and disposition of the Notes.

Non-U.S. Holder Defined

For purpose of this discussion, you are a non-U.S. holder if you are a beneficial owner of the Notes that is an individual, corporation, estate or trust that, for U.S. federal income tax purposes, is not a U.S. person. You are generally treated as a U.S. person for U.S. federal income tax purposes if you are: (i) an individual who is a citizen or resident of the United States, including an alien individual who is a lawful permanent resident of the United States or who meets the substantial presence test under Section 7701(b) of the Code; (ii) a corporation or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in the United States or under the laws of the United States or of any state therein or the District of Columbia; (iii) an estate whose income is subject to U.S. federal income tax regardless of its source; or (iv) a trust (A) whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) which has made a valid election to be treated as a U.S. person under applicable Treasury regulations.

Interest

A non-U.S. holder will generally not be subject to U.S. federal income or withholding tax on payments of interest on the Notes provided that (i) such interest is not effectively connected with the conduct of a trade or business within the United States by the non-U.S. holder and (ii) the non-U.S. holder (A) does not actually or constructively own 10% or more of the total combined voting power of all classes of CSX Corporation's voting stock, (B) is not a controlled foreign corporation (within the meaning of Section 957(a) of the Code) related to CSX directly or constructively through stock ownership, (C) is not a bank receiving interest described in Section 881(c)(3)(A) of the Code, and (D) satisfies certain certification requirements under penalty of perjury (generally through the provision of a properly executed IRS Form W-8BEN). If interest on the Notes is not effectively connected with the conduct of a trade or business in the United States by a non-U.S. holder, but such non-U.S. holder cannot satisfy the other requirements outlined in the preceding sentence, interest on the Notes will generally be subject to U.S. withholding tax at a 30% rate unless an income tax treaty applies to reduce or eliminate such withholding tax and the non-U.S. holder properly certifies as to its entitlement to the treaty benefits under penalty of perjury (generally through the provision of a properly executed IRS Form W-8BEN). If interest on the Notes is effectively connected with the conduct of a trade or business within the United States by the non-U.S. holder, and, if an income tax treaty applies, is attributable to a permanent establishment or fixed base within the United States, then the non-U.S. holder will generally be subject to U.S. federal income tax on such interest, in the same manner as if such holder were a U.S. holder, if such non-U.S. holder provides a

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properly executed IRS Form W-8ECI. A non-U.S. holder that is a foreign corporation may also be subject to the branch profits tax at a rate of 30% (or a lower applicable treaty rate).

Sale, Exchange or Other Taxable Disposition of Notes

A non-U.S. holder will generally not be subject to U.S. federal withholding tax with respect to gain recognized on the sale, exchange or other taxable disposition of the Notes. A non-U.S. holder will also generally not be subject to U.S. federal income tax with respect to such gain unless (i) the gain is effectively connected with the conduct of a trade or business within the United States by the non-U.S. holder and, if an income tax treaty applies, is attributable to a permanent establishment or fixed base within the United States, (ii) in the case of a non-U.S. holder that is an individual, such holder is present in the United States for 183 or more days in the taxable year in which such holder disposes of the Notes and certain other conditions are satisfied